

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6773**

**BILL NUMBER:** HB 1242

**NOTE PREPARED:** Jan 2, 2003

**BILL AMENDED:**

**SUBJECT:** Various Local Government Matters.

**FIRST AUTHOR:** Rep. Ayres

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill requires the investing officer of most political subdivisions to use multiple depositories. It removes the requirement that multiple depositories be used for investment certificates of deposit. The bill removes the requirement of certifying a budget transfer within a political subdivision to the county auditor. The bill also allows a fiscal officer to appropriate insurance receipts.

This bill makes changes to the law concerning the *Annual Road and Street Report*. It requires a transfer to a local rainy day fund to be made after the last day of the fiscal year and before March 1 of the subsequent calendar year. The bill repeals a requirement that a fiscal body find that the proposed use of a local rainy day fund is consistent with the intent of the fund before appropriating money from the fund. The bill also allows a political subdivision to collect a charge from a credit card user to cover costs charged to the political subdivision for accepting credit cards.

The bill changes the deadline for adoption of a police and firefighter salary ordinance in a second class city from August 20 to September 20. It also allows a municipality with a fire department to establish a hazardous materials response fund for the deposit of service charges imposed for hazardous materials emergencies.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Annual Road and Street Report* - The Board of Accounts reports that the provisions of this proposal will have no fiscal impact on them.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Annual Road and Street Report* - For local units, this proposal will provide additional time in which to complete the *Annual Road and Street Report*, and, depending upon the format developed by the State Board of Accounts, it may save staff time in its preparation.

**Explanation of Local Revenues:** *Credit Card Refunds and Charges* - This bill provides that a political subdivision or municipally owned utility may collect an amount from a person to cover any charge placed on a political subdivision or municipally owned utility as a result of the person paying by bank card or credit card. A vendor's fee is a charge that is generally part of the negotiated contract associated with accepting credit card payments. Currently, a political subdivision or municipally owned utility is not allowed to charge the person paying by bank or credit card an amount to cover this fee.

Vendor's fees vary and may be dependent on negotiated contracts as well as the amount of each transaction. For example, the vendor fees paid by the state's Bureau of Motor Vehicles are a percentage (approximately 1.8%) of the credit card charges made to the BMV. The Secretary of State also charges the vendor's fee to customers who choose to pay by credit card on the agency's Internet site. The fee ranges between \$2.20 and \$4.40, depending on the service or item being purchased.

The fiscal impact of this bill is determined by the amount of a vendor's fee, which varies, and is dependent on local action.

*Hazardous Materials Response Fund* - Currently, a fire department may impose a service charge on the responsible party for a hazardous materials emergency to which the fire department responded and assisted in cleaning up, containing, or controlling the hazardous materials. A fire department which imposes such a charge may maintain action for reimbursement and recover all costs including attorneys fees, and may also impose late penalties. Service charges are dependent on the total value of assistance provided per incident. Revenue from these charges is to be deposited in the general fund of the unit that established the responding fire department.

This bill allows the establishment of a Hazardous Materials Response Fund (Fund), into which these revenues would be deposited if the unit that established the fire department is a city or town. The costs to administer the Fund would be paid from the money in the Fund, interest accrued would be deposited in the Fund, and any money remaining at the end of the fiscal year would not revert back to the unit's general fund.

Because current statute designates the uses for revenue generated from the above charges, the unit's general fund would only be impacted by the loss of accrued interest diverted to the Hazardous Materials Response Fund. This amount would be dependent on the revenue generated from hazardous materials emergencies to which fire departments, established by cities or towns, respond.

The fiscal impact of this bill is dependent on the amount to be charged per incident by fire departments established by cities or towns, which varies depending on the total value of assistance provided. The fiscal impact of this bill is also dependant on local action. This bill does not affect those fire departments established by townships.

**State Agencies Affected:** State Board of Accounts.

**Local Agencies Affected:** Local highway and street departments; political subdivisions and municipally owned utilities; city and town fire departments.

**Information Sources:** Charlie Pride, Supervisor-Cities and Towns, State Board of Accounts, 232-2521; State Treasurer's Office; Secretary of State web site, [www.in.gov/sos/](http://www.in.gov/sos/); Bureau of Motor Vehicles.

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